

Financial Reserves

Mission

To provide financial security and to pay for State expenditures that are difficult to predict or estimate.

Summary of Activities

The State Budget Agency (SBA) manages three contingency funds that are designed to provide a safety net for unpredictable state expenditures, provide for salary and fringe benefit increases for state employees and fund enrolled acts passed by the General Assembly. The three funds are the Departmental and Institutional Emergency Contingency Fund, the Personal Services/Fringe Benefits Contingency Fund, and the Outside Bill Contingency Fund.

Funds from the Departmental and Institutional Emergency Fund may be allotted to state agencies, departments and institutions that demonstrate additional funds are needed for meeting necessary expenses due to unforeseen circumstances. These funds are transferred only upon approval by the governor.

Money in the Personal Services/Fringe Benefits Contingency Fund may only be used for salary increases, fringe benefit increases, and for an employee leave conversion program for State employees. This fund is used to pay for increases in the compensation and benefit programs of General Fund state employees. The funds may not be used for any other purposes. The funds will only be allotted with approval of the Governor.

The Outside bill Contingency Fund is used to fund bills passed by the General Assembly that impact the General Fund by increasing the expenditures of the State.

Evaluation and Accomplishments

Even in these tough financial times, the money in these funds allowed the State to accomplish the following actions.

- Continue to pay a substantial share of the cost of the State employees' health insurance programs.
- Provide a \$1,094 Health Care Adjustment to all State employees' annual salary to pay for the increased cost of health care in 2003.
- Provide a general salary adjustment to all state employees effective January, 2004.

